

MINUTES OF BOARD MEETING
Lyon-Lincoln Electric Cooperative, Inc.
Monday, May 20, 2024

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, May 20, 2024 at 9:30 o'clock A.M. at the Heritage Event Center at 3621 County Hwy 8, Taunton, Minnesota.

The following directors were present: James Rokeh, Kathy Schreurs, Scott Johnson, Dale Fier, Mike Longtin, Jared Dritz, Joel Buyck, Galen Grant, and Mary Gunnink.

Also present at said Board Meeting were General Manager, Timothy O'Leary, Finance Manager, Kristi Jensen, Attorney, Michael W. Cable, Manager of Marketing and External Relations, Brian Jeremiason, and Line Superintendent, Lyle Lamote.

The Board and others in attendance stood and gave the Pledge of Allegiance before the meeting was called to order.

President, Dale Fier, noted that a quorum was present and called the meeting to order.

President, Dale Fier, inquired whether there were any changes to the Minutes of the April 22, 2024 Board Meeting and there were no changes. A motion was made by Mr. Buyck, seconded by Mr. Longtin, and carried to approve the Minutes of April 22, 2024.

President, Dale Fier, inquired whether there were any additions or changes to the Agenda and General Manager, Timothy O'Leary, indicated that he wanted to add item 5 b under Plenary Matters to discuss whether the Board wanted to make a donation for repair of the Lincoln County Fairgrounds Bingo Stand. A motion was made by Mr. Dritz, seconded by Mr. Grant, and carried to approve the Agenda with the change.

President, Dale Fier, asked the Board after reviewing the Agenda if anyone had any conflict of interest that should be disclosed. There was no conflict of interest to be disclosed by any of the Board.

The Board reviewed the accounts payable check register from April 1, 2024 through April 30, 2024. After review and discussion, President, Dale Fier, indicated that the check register was received and filed subject to audit.

The Board reviewed the applications for membership, which had been submitted as shares to be accepted for the month of April, 2024. After review, a motion was made by Ms. Gunnink, seconded by Mr. Longtin, and carried to approve the shares to be accepted.

The Board reviewed the shares to be cancelled for the month of April, 2024. After review, a motion was made by Ms. Schreurs, seconded by Mr. Dritz, and carried to approve the cancellation of said shares.

Finance Manager, Kristi Jensen, reviewed the Financial and Operating Report with the Board which included the Income Statement for March, 2024 and a Balance Sheet for March, 2024. She also reviewed the Power Requirements Data for the various rates charged by the Cooperative for March, 2024. The Board also reviewed the Summary Report concerning Sales, Operation Expense, Maintenance Expense, Customer Accounts Expense, Customer Services and Information Expense, Sales Expense, Administrative and General Expense, Interest Expense-Other, Other Deductions, Non-Operating Margins-Interest, and Other Capital Credits & Patronage. The Operating TIER shown on the Income Statement for March, 2024 was 0.53 and the Equity shown on the Balance Sheet for March, 2024

was 40.53%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending March 31, 2024 was received and filed subject to audit.

The Board reviewed information received from East River Electric Power Cooperative, Inc. concerning the 2024 Capital Credit Retirements. The Board was advised that East River Electric Power Cooperative, Inc. retired \$122,362.04 which was paid to Lyon-Lincoln Electric Cooperative, Inc. and was invested by Lyon-Lincoln Electric Cooperative, Inc. in the Basin Investment Program at Basin Electric Power Cooperative, Inc. until December, 2024 at the interest rate of 5.4%.

Kristi Jensen, Finance Manager, reviewed with the Board an email that had been directed to Kristi Jensen by J. Keith Johnson, CIC, CPCU, Account Executive for Federated Rural Electric Insurance Exchange. She also reviewed with the Board the Subscriber's Agreement and Power of Attorney (SAPOA) that had been received. There was an explanation to the Board that Federated was a stock company when it first started operating in 1959 until 1999 when Federated became a reciprocal exchange. The Board was advised that an Exchange is legally prevented from having employees. Because of this the Exchange has to contract out its operations. At the same time the stock company became a reciprocal exchange Federated Rural Electric Management Cooperation (FREMC) was created and actually operates the exchange. FREMC is the company that employs the employees that perform the obligations created under the SAPOA. After discussion a motion was made by Ms. Gunnink, seconded by Mr. Buyck, and carried authorizing the SAPOA to be signed.

The Board was provided an explanation about State Disaster Funds that had been received as a result of the December, 2022 ice storm. The State had reimbursed Lyon-Lincoln Electric Cooperative, Inc. \$146,000.00 for damages caused by said storm. There was also two payments made by the State in the amount of \$119,400.00 and \$88,800.00 to mitigate the expenses for converting from overhead lines to underground lines. 25% of the cost to mitigate the expenses from overhead to underground will be paid through RUS under the current construction work plan. The Board was provided with a Questionnaire to be completed by them answering questions that were required to be answered for the preparation of the Return of Organization Exempt Form Tax (Form 990) for the year ending December 31, 2023. The information provided by the Board concerns relationships between officers, directors, trustees, and key employees of the organization as well as transactions with interested persons. These relationships and transactions would not necessarily be identified by the organization's standard conflict of interest procedures and therefore the administration was asking that this information be provided through the questionnaire. The Board was asked to complete the questionnaire and return the same to Kristi Jensen, Finance Manager.

Lyle Lamote, Line Superintendent, gave the April Outage Report indicating that there were the following outages involving 10 or more consumers:

- On April 21, 2024 18 consumers were off 1 hour and 25 minutes in the Township of Verdi. The cause was a consumer dug through an underground cable.
- On April 23, 2045 18 consumers were off 1 hour and 30 minutes in the Townships of Fortier and Hansonville. The cause was an open OCR.

There was also a Safety Meeting which had been held on April 29, 2024 by Colton Sanderson from East River Electric Power Cooperative, Inc. concerning the topic of Annual Switchman Training. Mr. Lamote indicated that the linemen were doing the following work some of which had been completed and some were still in process:

- The linemen are working on 12 projects changing overhead lines to underground lines.

- The linemen are replacing 5 miles of underground line west of Russell.
- Linemen will have to complete new underground line concerning a lift station for the City of Russell.
- There will be 1¼ miles of overhead line changed to underground line south of Rich Wiering's property.

Brian Jeremiason, Manager of Marketing and External Relations, gave his report as follows:

1. Mr. Jeremiason was contacted by a member earlier in May who was inquiring about solar for their home. The member has a second home in Nevada where they are able to use solar to reduce their monthly bill and are interested in doing something similar in Minnesota. They had been contacted by Wolf River and had a second call scheduled with them the day they contacted Mr. Jeremiason. Mr. Jeremiason encouraged them not to sign anything until he was able to meet with them in person to go over the proposal. They agreed and forwarded the proposal to Mr. Jeremiason. He uploaded a copy of the proposal to the Board Information Section of Call to Order. The 23.68 kW systems was estimated to cost \$111,787.01 with the potential for a Federal Tax Credit of \$33,536.10 meaning that \$78,251.00 would have to be financed. Wolf River would finance the project at 6% for 20 years at the amount of \$560.00 per month. The family currently pays an average of \$178.57 per month for electric use. Currently this family pays an average of \$2,142.87 per year for electric energy at their home. Under the proposal from Wolf River, they would be the net producer and would actually come out making about \$956.92 per year. However, this doesn't include the annual finance costs of \$6,727.32. Some of the ways Wolf River attempted to justify this were as follows:

- Wolf River told the member that Lyon-Lincoln Electric Cooperative, Inc.'s rates would likely increase from 11¢ per kWh to 33¢ per kWh due to recent legislation passed.
- Wolf River told the member that the panels would last 60 years, long after they'd been paid off.
- Wolf River told the member the project would add \$72,224.00 to the value of their home (according to Zillow, homes with solar panels sell for 4.1% more than similar homes without panels)

When all was said and done the family's average monthly electric energy expense would go from \$178.57 to \$480.87 by going to solar. Mr. Jeremiason advised the Board that too many members don't include the Cooperative until it is too late. Mr. Jeremiason explained that there are alternative developers, and the Cooperative was not anti-solar. Mr. Jeremiason encouraged them to look at other options if they were committed to investing in solar further and offered to come back and review any options.

2. Mr. Jeremiason has been taking part in a series of Ransomware Training Sessions through NISC. Mr. Jeremiason indicated that 21 NISC members have been affected by ransomware since 2021. Downtime can range from a few hours to several weeks. Some of the key points that are being discussed are the importance of domain security and management, using multiple layers of security and sources of support, having a backup and utilizing Cloud based storage solutions and having cyber insurance. While total expenses and ransom totals are tough to measure, it is assumed that there was \$20 Billion in damages in 2020. 2024 and beyond will likely get worse

before better. Expecting major cloud disruptions, source code tampering, deep fakes both video and audio and a rise of ransomware cartels. Some of the countermeasures that can be done are as follows:

- Mandate a culture of security.
- Collaborate between offensive and defensive measures.
- Networks are segmented and well understood.
- Contact consistent testing.
- Aggressive patch management.
- Backups are stored offsite, immutable, and cloud based.
- Regular and realistic table top exercises.

The Cooperative is fortunate that Basin and NRECA (Domain and Website) East River (Hardware, software and network) and NISC (Solutions software) all work together and on different aspects of Lyon-Lincoln Electric Cooperative, Inc.'s business and cyber security. The series that Mr. Jeremiason is participating in will continue and he will continue to share what is learned.

General Manager, Timothy O'Leary, gave his General Manager's Report and said report was as follows:

1. The Board had been provided the April Power Bill from East River Electric Power Cooperative, Inc. April continued a trend of lower than budgeted purchases for 2024. Total purchases were lower than budget by 589,701 kWhs, with heat purchases making up 477,743 kWhs of that total. The average purchase power rate for the month was 6.426¢ versus a budgeted rate of 6.39¢.
2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of April were currently 92.68% of the budget. It's kWh sales to members through April were currently 92.77% of the budget. The line loss through April was 4.48%.
3. The East River Electric Power Cooperative, Inc. MAC Meeting included some of the following topics:
 - a. Robert K. Sahr, CEO/General Manager, for East River Electric Power Cooperative, Inc. updated the managers on a staff proposal from WAPA on a two-step rate increase. As mentioned in April the first-step would see a 2 mill increase in 2025 (timing of this increase will depend on when the change is posted in the federal register) and another 2 mills in 2026. East River had these numbers in their last rate forecast and the increase would result in \$3M in additional power costs to East River. This \$3M cost is roughly a \$75,000.00 increase in Lyon-Lincoln Electric Cooperative, Inc.'s purchase power cost.
 - b. Basin Electric Power Cooperative, Inc. has had a slow start to the year as Basin had to use \$20M in deferred revenue to break even for the year on a consolidated basis. The current balance in the revenue/rate stability fund is \$330M. In other bad news at Basin, losses at DGC required a \$25M equity infusion to meet its financial requirements. This will be paid back in dividends when DGC generates positive margins. In good news, East River Electric Power Cooperative, Inc. has experienced a good start to the year as margins are coming in higher, \$530,000.00, than budget to begin the year.

- c. There is an expectation that Basin will ask for a rate increase for 2025. Basin's staff indicated this to the Basin MAC, but did not give the amount or size of the increase. The heat rate will see an increase in each of the next 2-3 years as Basin looks to get back to a 4 mill difference in the rate and the cost of production.
 - d. There were 34 interventions, 31 were dockless, 2 protests and 1 submitted comments in the Basin crypto and large load rate filing at FERC. Tri-State and Voltus filed comments and indicated that the rates were not just and reasonable. Basin has requested that the rates be accepted or rejected by May 24, 2024. There was no new update on the 2020 and 2021 rate filing as Judge Hempling is scheduled to have his initial decision published by June 25, 2024.
 - e. Basin and Tribal Leaders of Crow Creek Tribe met about the expired Easement for its transmission line that goes through tribal land. The line is 11 miles in length and Basin is currently being fined \$10,000.00 per day for trespassing. During the latest negotiations the Tribe and Basin looked at giving the line to the Tribe. East River doesn't think that this is something that Basin can do since the Tribe is not a transmission owning entity in the Southwest Power Pool Market. This continues to be an on-going issue with more updates to come in the near future.
 - f. East River Electric Power Cooperative, Inc.'s Board approved a \$2.744M capital credit retirement. Lyon-Lincoln Electric Cooperative, Inc. received \$122,362.04 in retirement. As indicated previously in the Board Meeting the dollars were placed in the Basin Investment Program and will be available for retirement to the members later in the year.
 - g. Mark Hoffman, Chief Operations Officer, reported on new loads that are looking at developing in East River Electric Power Cooperative, Inc.'s service territory. It sounds like Talus Renewables is looking at developing 8 locations in the next year and would like to have 45 plants in the area that could produce 1,000 tons of ammonia a day. East River has 2,166 MW of potential new load that they are monitoring.
4. The Basin District 1 Caucus Meeting will be held on June 6, 2024 at East River Electric Power Cooperative, Inc. This is the same day as the East River Board Meeting. The meeting is held every 3 years to nominate a director to serve on the Basin Board of Directors. Kermit Pearson is the current District 1 Director. Lyon-Lincoln Electric Cooperative, Inc. will need to nominate someone to represent the Cooperative at the meeting. Lyon-Lincoln Electric Cooperative, Inc. is able to nominate its Board Member serving as a director on East River Electric Power Cooperative, Inc. to represent the Cooperative. A motion was made by Mr. Buyck, seconded by Mr. Rokeh, to nominate, Vice-President, Mike Longtin.
5. The Board was advised of the following scheduled meetings:
- On June 4, 2024 the East River Electric Power Cooperative, Inc. MAC and REED Meeting will be held.
 - On June 4, 2024 there will be an Operation RoundUp Meeting.
 - On June 5, 2024 the Annual Meeting of Lyon-Lincoln Electric Cooperative, Inc. will be held.
 - On June 17th through June 19th, 2024 there will be a CFC Forum and Federated Annual Meeting.

- On June 24, 2024 the Lyon-Lincoln Electric Cooperative, Inc. Board Meeting will be held at the Headquarters Building in Tyler, Minnesota.

General Manager, Timothy O’Leary, reviewed with the Board the LL April Cyber Security Program Report completed by East River Cyber Security Department dated May 6, 2024.

Vice-President, Mike Longtin, gave a report concerning the East River Electric Power Cooperative, Inc. Monthly Board Meeting. He reported on the costs that would have to be paid to go around the land owned by the Crow Creek Tribe for the power line presently on the land of the Crow Creek Tribe and the costs would not be recovered through SPP and therefore the entire costs would be paid by the end consumer.

General Manager, Timothy O’Leary, advised the Board that the Minutes for the regular meeting of the Board of Directors of East River Electric Power Cooperative, Inc. held on April 4, 2024 in Madison, South Dakota were printed and are available to the Board through the Call to Order App and he recommended the Board review the same.

He reminded the Board that the 2024 Annual Meeting would be held on Wednesday, June 5, 2024 at the Lyon-Lincoln Electric Cooperative, Inc. Headquarters Building in Tyler, Minnesota. With registration from 5:00 to 6:30 o’clock P.M., dinner from 5:30 to 6:30 o’clock P.M., and a business meeting from 6:45 to 7:45 o’clock P.M.

General Manager, Timothy O’Leary, advised the Board that there was a request by the Lions Club to have Lyon-Lincoln Electric Cooperative, Inc. donate money to be utilized on the Lions Club’s Bingo Stand at the Lincoln County Fairgrounds in Tyler, Minnesota. After discussion, a motion was made by Ms. Gunnink, seconded by Mr. Longtin, and carried to donate \$500.00 to be utilized for the repair of the Lions Club’s Bingo Stand at the Lincoln County Fairgrounds.

The Board was advised of the following upcoming meetings:

- A District 5 Meeting on July 17, 2027 at the Sleepy Eye Convention Center.
- The 28th Annual Energy Issues Summit to be held on August 7th and August 8th of 2024 at the Radisson Blu MOA in Bloomington, Minnesota. There will be a Pre-Conference Education – NRECA BLC 965.1: Electric Vehicles: Strategy & Policy Considerations – August 6, 2024 to be held prior to the 28th Annual Energy Issues Summit.
- Basin Electric’s 2024 Annual Meeting to be held on August 13th thru August 15th, 2024.

There being no further business to come before the Board, President, Dale Fier, adjourned the meeting at 11:44 o’clock A.M.

Secretary

ATTEST:

President